

CORELLIAN 2 STEP PROCESS TO PREPARE FOR NEXT WEEK

Risk sentiment was mixed into the weekend as traders paused to assess the disappointing Michigan Consumer Sentiment (**See below**) well below expectations, as anxiety of persistent inflation drove sentiment to its lowest level since November. Currencies were mixed and commodities were higher.

STEP 1: WHERE DID MARKETS END LAST WEEK AND WHY?

Friday data: US consumer sentiment fell to seven months low, on consumer worries of higher prices

- **Preliminary Michigan Consumer Sentiment**
Headline Sentiment: 65.6 versus 72 expected.
1 year inflation expectations: 3.3% versus 3.2%
5-year inflation expectations: 3.1% versus 3.0%.
- This disappointing data points towards a slowdown in economic growth, continued inflation fears and higher interest rates for longer.



US Stock Indices although a rather timid session Friday, the US Tech 100 made new highs closing up 3.3% at 19659, as did the S&P 500 which also made new highs this week hitting 5507 and closing the week up 2.6% at 5500. The USA 30 lagged up only 0.3% at 38983. (**Page 3 US Tech 100 TA Update**).

European indices were a different story with France 40 by far the worst performer down 6.4% at 7489, amid political turmoil after surprising surge in far-right EU parliamentary wins, and French President Macron calling a snap election. Fears of retaliation over proposed tariffs on Chinese EV's added more pressure with the German 40 down 2.8% at 18017. The Footsie 100 fared no better, down 0.5% at 8177.

The US Dollar Index rose from the previous week to close at 105.15 driven by US yields. USDJPY gained on the week up 0.4% at 157.38, as the BoJ held rates unchanged Friday, while the EURUSD dropped 0.9% to 1.0705, its lowest close in over a month. (**Page 4 EURUSD TA Update**).

US 10-year yields had a relatively quiet finish to the week, spending most of the session at lows finishing at 4.21% down from last week's close of 4.44%.



Oil TA Update:

A reactive recovery developed after recent declines but there are no signs of a positive sentiment shift. Upside is back to 78.28 (38% retrace Apr/Jun declines) and defense is watched, as while intact, downside risks continue. Breaks under 76.72 (38% retrace June strength) will be a fresh negative to expose 75.13 (62% level) then 72.46 (Jun 4th extreme).



In commodities, precious metals closed the week higher making decent gains as traders reacted to geo-political and inflation worries with gold up 1.6% at 2333 and silver closing at 29.55 up 1.3%. Oil snapped a 3-week losing streak up 3.8% on the week, on higher expectations that this summer fuel demand will draw down inventories. **(Above for Oil TA Update).**

STEP 2:
LOOKING FORWARD TO THE WEEK AHEAD

Time Zone Key:

- BST -5 = New York
- BST = London
- BST +1 = Frankfurt
- BST +9 = Sydney

All times are British Standard Time (GMT). Please use the key above to adjust to your appropriate time zone. **Key Earnings next week in table below.**

MONDAY
17.06

TUESDAY
18.06

WEDNESDAY
19.06

THURSDAY
20.06

FRIDAY
21.06

BEFORE OPEN

Ashtead

Berkeley Group

Carnival
DS Smith
Accenture
Darden Restaurants
Jabil Circuit

CarMax
Factset Research

AFTER CLOSE

Lennar

KEY EVENTS, SPEAKERS AND ECONOMIC DATA

Monday: 0300 BST Chinese Industrial Production and Retail Sales. After another disappointing CPI number last week, these releases will provide traders with an insight into the domestic economy and global demand, and could impact local stock, European indices and commodities. **(Page 2 Oil TA Update).**

Tuesday: 0530 BST RBA Interest Rate Decision. One of the very few central banks to consider hiking rates, and Governor Hauser's recent comments determined to bring down inflation and warning unchecked price increases are "toxic", does not sound like they would be cutting any time soon.

1330 BST USD Retail Sales. Very important data, and after last month's flat line number and expectations the same, traders will be looking to see if the bounce in consumer confidence has spilled into more spending and an uptick in this number. The USD and equity markets could all move on this data. **(Page 4 EURUSD TA update).**



US Tech 100 Index TA Update:

New all-time highs have been scored again, a move that can trigger extension of the current advance. First resistance is 19956 (Friday's extreme) but this giving way can see higher levels. First support is 19607 (Gap left from Thursday's close) with breaks suggesting a deeper sell-off towards 19310 (38% retrace June upside) even 19108 (mid-point).

Wednesday: 0700 BST GBP Inflation Data (CPI). With a cut in interest rates pushed from June to August by many economists after the latest labor market data, the BoE and markets will be focused on the core number (which excludes volatile food and energy).

Thursday: 0215 BST PBOC Interest Rate Decision. The Chinese economy is still rather weak, and the central banks focus seems to be on currency stability, although a few economists have suggested a cut is needed, but with the dollar still strong this is unlikely.

0830 BST SNB Interest Rate Decision and Press Conference. Having been one of the first central banks to cut back in March, the SNB has seen inflation move higher and a hold on rates seems most likely.



EURUSD TA Update:

Downside themes continue to gather pace as, USD unwinds 'oversold' conditions. This suggests weakness to test 1.0649 (May 1st low) and if this gives way on to 1.0600 (Apr 16th extreme) possibly further. To the upside, breaks of 1.0765 while not an outright positive, can see a higher retracement to 1.0794 (mid-point) possibly 1.0824 (higher 62% level).

1200 BST BoE Interest Rate Decision and Press Conference. Governor Bailey is under some political pressure to cut, however with MPC members more independently minded and market consensus pushing towards an August cut, the main focus will be on the press conference (unless of course the BoE does surprise). Traders will be listening closely to what he says, UK100 and GBPUSD could be impacted.

Friday: Global Preliminary Manufacturing and Services PMI. These updates can indicate the potential direction of economic growth for major economies and will most likely impact all markets depending on whether they are trending downward, below 50 contraction, or above 50 into expansion. Stronger numbers could confirm some central banks are likely to cut interest rates, potentially boosting stock indices and demand for commodities. **(Page 3 US Tech 100 TA Update).**

0700 BST GBP Retail Sales. A significant piece of data for the BoE, with the consumer making up a large portion of the UK economy, this number will give better insight if consumers remain cautious about their spending habits.

Key levels the Corellian mentors are focused on

Gold:

Support

- 1st - 2287, Current June downside
- 2nd - 2277, May monthly low trade
- 3rd - 2252, 38% retrace Nov/May

Resistance

- 1st - 2344, Bollinger mid-average
- 2nd - 2388, Current June high
- 3rd - 2413, Upper Bollinger band

GBPUSD:

Support

- 1st - 1.2656, Friday's correction low
- 2nd - 1.2647, 38% Apr/June up
- 3rd - 1.2581, Mid-point same move

Resistance

- 1st - 1.2745, Bollinger mid-average
- 2nd - 1.2859, Current June reject high
- 3rd - 1.2892, March monthly high trade

USA 30:

Support

- 1st - 38481, Last week's low trade
- 2nd - 38109, May monthly low trade
- 3rd - 38079, Daily Bollinger lower

Resistance

- 1st - 39189, Last week's failure high
- 2nd - 39422, 62% May decline
- 3rd - 39905, Daily upper Bollinger

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